Import duty cut on drugs

3878. SHRI K. R. MALKANI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that import duty cut on drugs is leading to heavy drug imports and closure of many local drug units, leading to unemployment, as reported by The Observer of Delhi, March 17, 1994; and

(b) what steps Government are contemplating to stop the two adverse consequences of duty cut?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) and (b) The likely implications of the reduction in import duties in the Budget for 1994-95 on the pharmaceutical industry have been examined by the Ministry. The matter has been taken up with the Ministry of Finance for appropriate action.

Barauni unit of HFC

3879. SHRI S. S. AHLUWALIA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the Hindustan Fertilizer Corporation's Barauni Unit has been lying closed since last year;

(b) whether it is also a fact that several expert committees/consultants were appointed by Government in the past for seeking their advice for revamping of the Unit;

(c) if so, the brief details of the recommendations made by them;

(d) whether it is a fact that Government are contemplating implementation of those recommendations; if so, what is the time-frame for the purpose; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) The Barauni unit of Hindustan Fertilizer Corporation Limited (HFC) was under shut down from September, 1993 to January, 1994 due to shortage of working capital. The start up activities of the unit were resumed in February, 1994, but due to damage to secondary reformer refractory, the production could not be commenced. The repair job has been undertaken and the unit is expected to be started shortly.

(b) and (c) The main points of the recommendations made by committees/consultants appointed for suggesting revamping of the unit are given below:

(i) Government had constituted a Task Force under the chairmanship of Shri Paul Pothen in June, 1986 to go into the working of Fertilizer Corporation of India (FCI) and Hindustan Fertilizer Corporation Limited (HFC) and to suggest remedial measures. The Task Force submitted its report in December, 1986. The conclusions and recommendations contained in the Report pertaining to Barauni unit of HFC are as follows:

(1) Priority attention be given to improve industrial relations, social environment, which by itself would improve the performance significantly.

(2) The unit needs heavy maintenance in the short-term which may cost about Rs. 3 crores; in addition, Rs. 60 crores may be needed for long-term revamping.

(3) Improvement in the arrangements for satisfactory disposal of effluents.

(ii) M/s. Haldor Topsoe recommended revamping of Barauni unit in 1988 at a total investment of Rs. 157 crores which was subsequently updated by Projects & Development India Limited (PDIL) in February, 1990 to Rs. 195.4 crores. Consultants had indicated that after revamping, the unit would be capable to produce at the rated capacity.

(d) and (e) The recommendation made by the various committees/consultants could not be implemented as these were found to be technically unsound and financially unviable. In the meantime, the management of HFC had referred the company, including its Barauni unit to the Board for Industrial and Financial Reconstruction (BIFR) in April, 1992. The BIFR declared HFC as a sick company on 12-11-1992. Any decision on the future of Barauni unit would depend on the outcome of the proceedings pending before the BIFR, which is a quasi-judicial authority.

Withdrawal of price reduction notification

3880. SHRI ANANT RAM JAISWAL:
SHRI H. HANUMANTHAPPA:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the Ministry had withdrawn the price reduction notification sent to the press in March, 1994; if so, on what basis;

(b) what was the drug involved and for what price notification was sent;

(c) whether it is a fact that the Ministry turned down the recommendation of BICP; if so, what was the price recommended and when was the recommendation sent;